DOUGLAS A. DUCEY
Governor



THOMAS BUSCHATZKE Director

ARIZONA DEPARTMENT of WATER RESOURCES

1110 West Washington Street, Suite 310 Phoenlx, Arlzona 85007 602.771.8500 azwater.gov

January 3, 2018

Via electronic and regular mail

Central Arizona Water Conservation District Attn: Perri Benemelis, Manager CAGRD Water Supply Program 23636 North 7th St. Phoenix, AZ 85024 pbenemelis@cap-az.com

Town of Quartzsite Attn: Jim Ferguson, Town Manager 465 N Plymouth Ave. Quartzsite, AZ 85346 jim.ferguson@quartzsiteaz.org

Dear Ms. Benemelis and Mr. Ferguson:

As you are aware, the public comment period regarding the *Proposed Lease and Transfer* of the Town of Quartzsite's Colorado River Entitlement to the Central Arizona Water Conservation District closed on December 20, 2017. All public comments received during the comment period are now posted to the Arizona Department of Water Resources' website for your review.

Pursuant to the Department's *Policy and Procedure for Transferring an Entitlement of Colorado River Water*, dated January 17, 2014 (Policy), when potentially negative impacts are claimed, the Department will notify the entity giving up the entitlement and the receiving entity about the claimed impacts. Due to the assertation of claims of "negative impacts" in several of the public comments, this correspondence serves as the Department's notification of same to the entity giving up the entitlement (Town of Quartzsite) and the receiving entity (CAWCD).

Re: Proposed Lease and Transfer of the Town of Quartzsite's Colorado River Entitlement to the Central Arizona Water Conservation District January 03, 2018

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The Policy provides that when negative impacts are claimed, the Department will provide up to 90 days for all parties to attempt to resolve or mitigate the claimed impacts and to provide information to the Secretary of the Interior. Please advise the Department within two weeks from the date of this latter (January 17, 2018), if you desire up to 90 days to attempt to resolve or mitigate the claimed negative impacts from the proposed lease and transfer. Absent a response by January 17, 2018 at 5:00 p.m., the Department will assume that neither CAWCD nor the Town of Quartzsite seeks the additional time to attempt to resolve or mitigate claimed negative impacts and the Department will then review the transfer action and make its recommendation to the Secretary.

Should you have any questions or concerns, please feel free to contact Kelly Brown, at 602.771.8472 or via email at kbrown@azwater.gov

Sincerely,

Thomas Buschatzke, Director